

# Is Today as Good as it Gets?

"Bridges to the 21<sup>st</sup> Century"

**Pat Nolan - IHC**

**A Colorado Transportation Summit**

**April 5, 2007**

***MOVE***  
***Colorado***

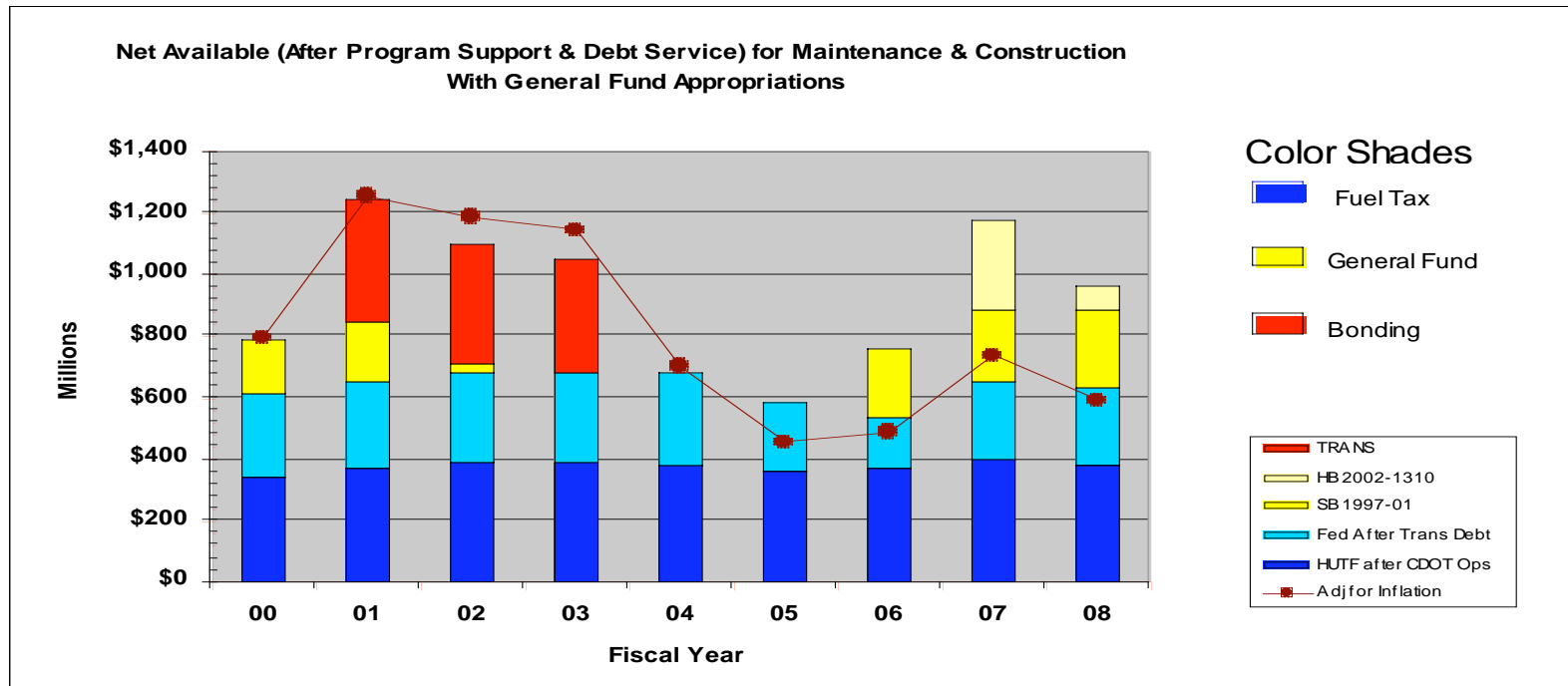


## Today as good as it gets?

- Without provision for substantial increased revenue, five years ago is as good as it gets, and not by just a little.
- Compared to today, CDOT had two to three times as much purchasing power in fiscal years 01 thru 03, the peak years of TRANS, to address critical needs.
  - This is due to the “perfect storm” after 911 of dwindling fuel tax and general fund revenues, very high construction inflation and beginning the debt service on TRANS.

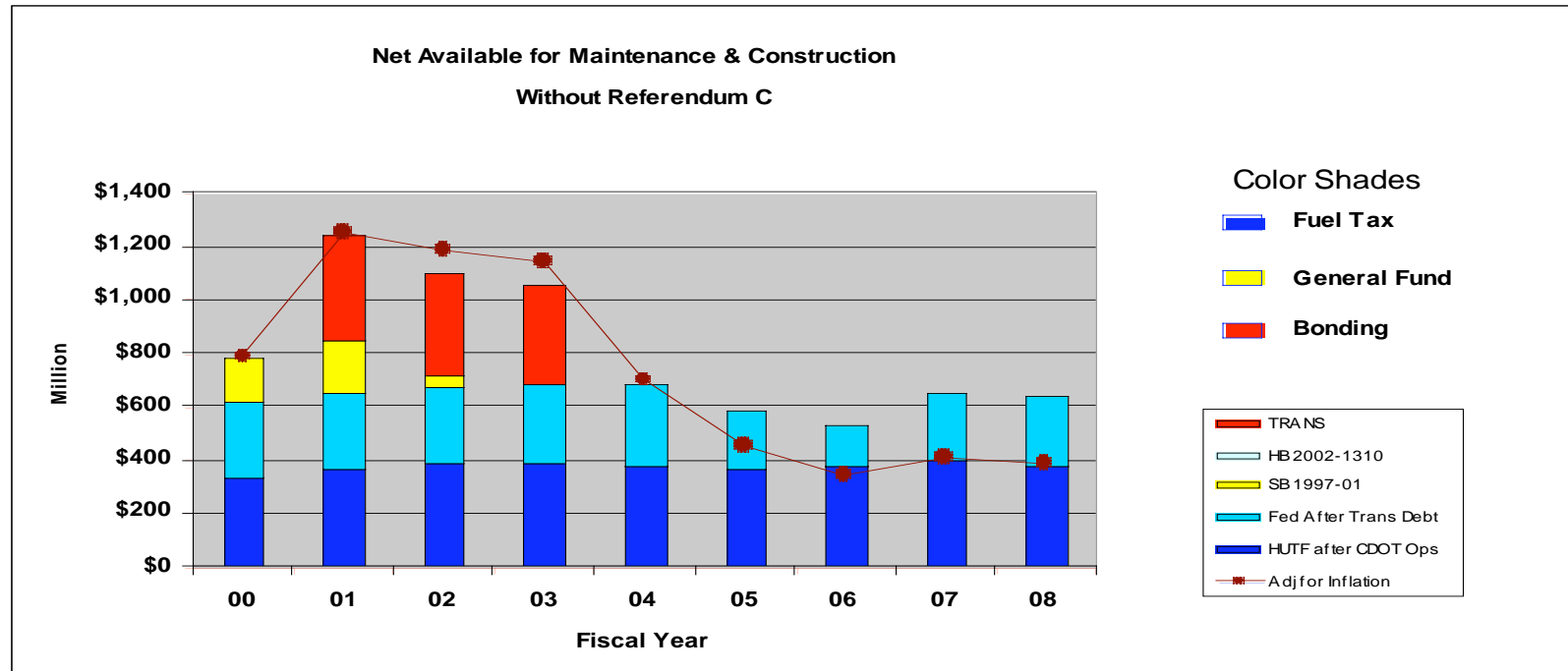


# CDOT Revenue Analysis



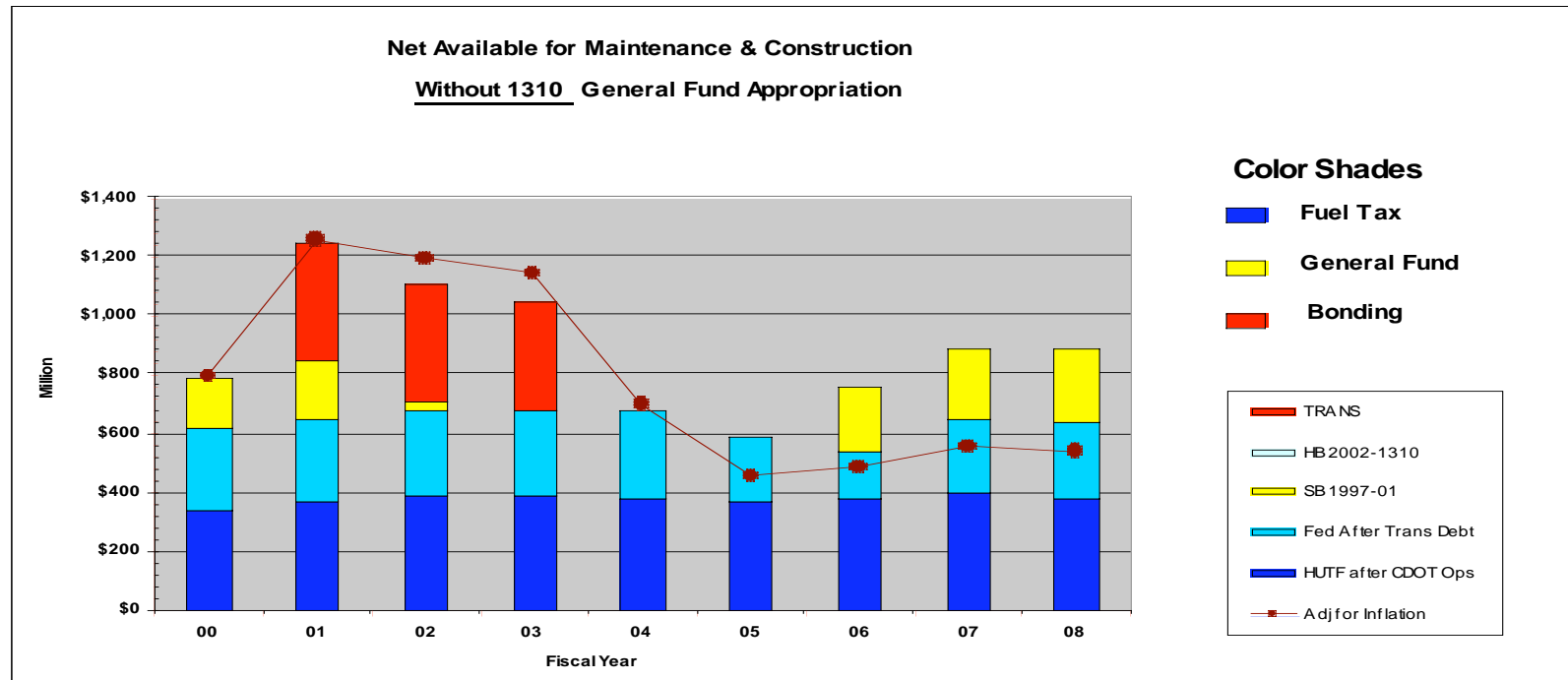


# CDOT Revenue Analysis





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## Construction Inflation

- Is it real, and will it stabilize?  
Yes it is real, and yes it will probably stabilize over time!
- Colorado Specific  
The capacity of Colorado highway contractors to build work exceeds the supply of work, and low inflation or possible deflation is realistic for all components of the contractors price except for construction materials and fuel.
- World Economy  
The price of key construction materials required in highway construction, particularly asphalt, cement, steel and fuel have soared since 2004 as the world's emerging market (especially China and Asia) have greatly increased the demand for these products.
  - As a consequence, the price for asphalt, steel, cement and fuel has in some cases doubled, or more.
  - China - As an example, now consumes annually 1.2 Billion tons of Portland Cement – nearly 10 times the USA demand of 125 Million tons.
- Whether or not the growth of the emerging markets will continue at double digit plus growth, over time suppliers will gear up to meet the demand, and the prices will stabilize, but will lead traditional fuel tax revenues.



## Sustainable Investment?

Can we provide the necessary investment to keep Colorado economically viable, providing good jobs for our citizens, protect our highway system asset and take actions necessary to maintain the environment and quality of life?

- Doesn't look good without action! The Governor's panel will tackle a complex issue.
- Gas Tax Revenues Declining
  - Fuel Efficient Vehicles
  - Alternative Fuels
- Federal Trust Fund – Some Problems
- Keen Competition for Scarce General Fund Revenues

# *Your Invitation to Join*

**"SETTING THE PACE FOR TRANSPORTATION  
FUNDING IN COLORADO"**

[www.movecolorado.org](http://www.movecolorado.org)

***MOVE***  
***Colorado***